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ORIGINAL
FILED

JUL - 6 2007

RICHARD W. WIEKING
CLERK, U.S. DISTRICT COURT
NORTHERN DISTRICT OF CALIFORNIA

7
8 UNITED STATES DISTRICT COURT
9
10 NORTHERN DISTRICT OF CALIFORNIA
11
12 SAN FRANCISCO DIVISION

12 ARCSOFT INC.,

CASE NO. C07-03512 SC

13 Plaintiff,

DECLARATION OF VICTOR CHEN IN
SUPPORT OF ARCSOFT INC.'S
APPLICATION FOR TEMPORARY
RESTRANDING ORDER

14 vs.

15 PAUL FRIEDMAN,

Date: July 6, 2007
Time: 9:30 a.m.
Dept: Courtroom 1, 17th Floor
Bef: The Hon. Samuel Conti

16 Defendant.

17

18

I, VICTOR CHEN, declare as follows:

19

1. I am the Corporate Counsel of ArcSoft Inc. ("ArcSoft" or the "Company") and have held this position since April 2007 after graduating from Santa Clara Law School. Prior to attending law school, I worked for several years at various technology companies, including Zerynth Technologies, where I was Chief Financial Officer. I also worked at AllAdvantage.com, where I was Treasury Manager. I have personal knowledge of the facts contained herein, and if called as a witness, I could and would testify competently thereto.

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2. I am informed that ArcSoft hired Paul Friedman in 2004. His last position with the company was Vice President and General Manager, Europe.

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CHEN DECLARATION

1 3. On June 26, 2007, I learned that Friedman's employment had been terminated due
2 to the elimination of his position in the Company for lack of sales performance.

3 4. Following the meeting in which ArcSoft notified Friedman that his employment
4 was ending, Tonie Berryman, Human Resources Manager of ArcSoft, informed me that Friedman
5 had taken his ArcSoft-issued laptop computer despite repeated requests by both Berryman and the
6 police officer that had been called to ArcSoft that he return the laptop.

7 5. On June 27, 2007 at approximately 12:47 p.m., I sent Friedman an email
8 expressing the Company's ongoing serious concerns about his failure to return the laptop, and its
9 concerns regarding the protection of the highly sensitive and proprietary trade secret information
10 contained therein. In that email, I urged Friedman to return the laptop immediately and notified
11 Friedman of his obligation not to access, delete, destroy, alter, copy, transmit, or otherwise
12 modify any data stored on the laptop. A true and correct copy of this email is attached as Exhibit
13 A.

14 6. At approximately 2:25 p.m. that same day, I received an email from Friedman, a
15 true and correct copy of which is attached hereto as Exhibit B. In this email, Friedman did not
16 deny having taken the laptop computer, but instead simply stated that I "have [my] facts wrong"
17 and that he had somehow been "trying to return the laptop" since the prior day. This made no
18 sense to me since, among other things, Friedman could have (a) returned the laptop before leaving
19 ArcSoft's offices, (b) turned around and returned the laptop when the police officer asked him to
20 do so, (c) returned it to ArcSoft's offices later that day, (d) returned it to ArcSoft by delivering the
21 laptop to the home of any of the ArcSoft representatives who were trying to retrieve it, or (e) had
22 a friend or relative return the laptop using any of the methods described above. Furthermore, the
23 fact that Friedman responded to this email and subsequent emails, all the while retaining the
24 stolen laptop, suggested to me that he was using his email exchanges with me and other ArcSoft
25 representatives to prolong the amount of time he was in possession of the stolen laptop and to
26 create a false record of what was transpiring.

1 7. At approximately 2:57 p.m., I responded to Friedman's email. A true and correct
2 copy of my email is attached hereto as Exhibit C. In my response, I corrected Friedman's
3 assertion that he had been attempting to return the laptop, noting:

4 The facts speak for themselves. Further, you have not "been trying
5 to arrange the return since yesterday," nor should there be anything
6 to return since you should not have left the premises with the
7 laptop yesterday. Nor has there been any impediment to you
voluntarily returning the laptop at any point since you drove away
with it yesterday.

8 I also noted that ArcSoft would be able to ascertain how he had used the laptop computer after he
9 stole it, and requested that he simply disclose this information to ArcSoft rather than forcing
10 ArcSoft to incur the time and expense of ascertaining this information through forensic means.
11 However, I received no response from Friedman to this request for him to disclose what he had
12 done with the stolen laptop computer.

13 8. At approximately 3:00 p.m. that same day, I, along with Tonie Berryman (who
14 informed me she had received a call from Friedman a few minutes earlier), called Friedman.
15 During this call, Friedman again stated that he had been trying to return ArcSoft's laptop, which I
16 believed to be false for many reasons, including that he had refused Berryman's repeated requests
17 the prior day to return the laptop and even refused the directive of the Fremont police to return the
18 laptop. When I suggested that ArcSoft could send a courier to retrieve the laptop from him at his
19 home, Friedman stated that he wanted to bring the laptop to ArcSoft himself, but then ultimately
20 agreed to allow a courier to come to his home.

21 9. Friedman then inquired about his expense reimbursement check and requested the
22 portion of his severance payment which he stated was not in dispute. After explaining that I was
23 only calling to discuss the laptop computer, I asked whether Friedman intended to condition the
24 return of the laptop on receiving his expense reimbursement check and the severance payment.
25 Friedman only stated that he wanted a letter from ArcSoft stating that he had returned it.

26 10. Friedman also indicated that he felt it "would be better" if he came to either
27 ArcSoft or the local Marriott hotel to return the laptop. I construed this to be another delay tactic,
28 since we had already agreed that a courier would retrieve the laptop from Friedman at his home.

1 When I informed Friedman that ArcSoft would prefer to send a courier rather than have him
2 return the laptop himself, Friedman suddenly stated that he did not want a courier to come to his
3 home. However, he ultimately agreed to meet at the Marriott hotel in Fremont later that day.

4 11. At approximately 3:25 p.m., I telephoned Friedman and agreed to meet him in
5 person to retrieve the computer. We agreed to meet at the Marriot Hotel in Fremont, which is
6 near ArcSoft's offices.

7 12. At approximately 4:10 p.m., Anthony Adion, ArcSoft's Corporate IT Manager and
8 I arrived at the Fremont Marriot to meet Friedman and take possession of the laptop. When we
9 arrived, Friedman was sitting on a couch in the lobby opposite the main entrance. I explained to
10 Friedman that Adion was there as a witness. Friedman asked if he was going to be given a receipt
11 indicating that he had returned the laptop and his company-issued mobile phone. I responded by
12 asking if he was conditioning return of the laptop on being provided with a receipt. However,
13 Friedman would not answer my question, and instead repeatedly stated that he would like a
14 receipt to reflect that he had returned the laptop to ArcSoft.

15 13. Since Friedman had previously indicated to me that he wanted to receive a receipt
16 upon returning the laptop, I showed Friedman a blank receipt that I had prepared in advance of
17 our meeting. After reading the receipt, Friedman opened the laptop and purported to turn it on,
18 volunteering that he wanted to show us that the laptop was "still working." Prior to this
19 statement, Friedman and I had not had any conversation as to whether the laptop was still in
20 working condition. Thus, Friedman's unsolicited statement and effort to power on the laptop
21 seemed staged, as though Friedman was trying to artificially create some type of record that the
22 computer was working.

23 14. While the laptop was purportedly booting up, Friedman stated that he was
24 concerned that it was running out of battery power and then plugged the computer's power cord
25 into a power outlet.

26 15. As the laptop began to power on, I noticed that a few hash marks (such as "|||||")
27 appeared on the screen. Then, after several minutes passed and the laptop still had not started
28 properly, I noticed a message appeared on the screen which included the words "disk error."

1 Upon seeing this, I became very concerned that something had been done to the computer to
2 prevent it from working properly. Accordingly, and out of concern that Friedman might cause
3 further damage to the computer, I instructed Friedman to turn off the laptop.

4 16. Once the laptop was turned off, I began to complete the receipt and asked what
5 time it was. Friedman stated that it was 4:21 or 4:22 p.m. After I completed the receipt, I asked
6 Friedman if he would sign it. Friedman responded stating that he would not sign any documents
7 and repeated that he was there to return the laptop, obtain a receipt of the exchange, and "nothing
8 else." I again asked Friedman if he would sign the receipt that he had requested in advance of the
9 meeting, but Friedman again refused. I then signed two copies of the receipt, noting the date and
10 time, and provided one of the copies to Friedman. A true and correct copy of the receipt is
11 attached hereto as Exhibit D.

12 17. In an effort to determine whether any sensitive and proprietary information on the
13 stolen laptop had been further compromised, I asked Friedman to complete a separate form
14 requesting, as I had done in my emails to him, information about what he had done with the
15 stolen laptop while it was in his possession. Specifically, I wanted to know who accessed the
16 laptop, whether any information was copied or emailed from the laptop, and whether any external
17 storage devices had been connected to the laptop. A true and correct copy of the form is attached
18 hereto as Exhibit E.

19 18. When I asked Friedman to read the document, he repeated that he was there to
20 return the laptop mobile phone and get a receipt, "nothing else." Since Friedman was simply
21 repeating the similar statement he had made before, I asked him if he was refusing to sign the
22 document. When Friedman did not answer my question, I asked whether I could construe his
23 silence as a refusal to complete the document. Friedman did not respond to this question either.

24 19. After this exchange, Adion and I prepared to leave. As we were leaving, I noticed
25 that I had inadvertently written that the laptop had been returned at 3:22 p.m., when it had
26 actually been returned at 4:22 p.m. Since I had given Friedman a duplicate copy of this receipt, I
27 ran to his car so that I could correct the time on both copies of the receipt.

28 20. After correcting the receipt, I returned to where Adion was standing in the parking

1 lot and asked him if he seen the same “disk error” message that I had seen on the laptop screen.
2 Adion stated that he was sitting at an angle and could not see the entire computer screen, but that
3 he had noticed that the laptop did not “boot up” after a prolonged period. After I told him that the
4 laptop displayed a “disk error” message, Adion indicated that this concerned him because it may
5 be an indication that the computer was not working properly.

6 21. Adion and I then took the laptop back to ArcSoft’s offices and immediately
7 secured it in a locked cabinet. I then contacted Aon Consulting to arrange for the laptop to be
8 forensically analyzed.

9 22. At approximately 6:59 p.m., slightly more than two hours after my meeting with
10 Friedman concluded, I received an email from Friedman, a true and correct copy of which is
11 attached hereto as Exhibit F. Again failing to answer my questions regarding what he did with
12 the laptop after he stole it, Friedman simply told me to “tone down [my] accusations.”

13 23. At approximately 9:10 a.m. on June 28, 2007, I removed the laptop from its locked
14 location and handed it to Aon Consulting so that Aon could perform a forensic analysis of its
15 contents. I observed Aon use the Encase computer program to attempt to “preview” the laptop.
16 After attempting this “preview” process, Aon informed me that the laptop had no data, no
17 partition, no master file table, and no information on the hard drive. Aon further explained that
18 the pattern of “.....” existed for all space on the hard drive, which would suggest
19 that a wiping program had been used to erase the contents of the laptop.

20 24. At approximately 12:36 p.m. that same day, I sent an email to Friedman, a true and
21 correct copy of which is attached hereto as Exhibit G. In this email, I informed Friedman that
22 ArcSoft had confirmed he used a professional wiping tool to erase the contents of the stolen
23 laptop. I also wrote,

24 ArcSoft demands to know what methodology you used to wipe the computer, and
25 whether prior to wiping the data, you made any copies of the data or forwarded
any data to private Web-based accounts or third parties.

26 25. Twenty minutes later, at 12:56 p.m., I received Friedman’s response to my email.
27 A true and correct copy of the email I received from Friedman is attached hereto as Exhibit H. In
28 this email, rather than responding to the questions I posed, Friedman asked what data I believed

1 was no longer on the hard drive of the laptop, which I construed to be an admission that Friedman
2 maintained proprietary information on the laptop. Friedman also falsely stated that he had
3 returned the laptop computer in working condition, when, in fact, Friedman had been unable to
4 start the laptop when we met at the Marriott Hotel. I construed this to be yet another attempt by
5 Friedman to create a false record of what had transpired.

6 26. At approximately 3:38 p.m. on June 28, 2007, I responded to Friedman's email. A
7 true and correct copy of the email I sent to Friedman is attached hereto as Exhibit I. In my email,
8 I corrected Friedman's false statement that he had returned the computer in working condition,
9 explained the forensic data which proved that Friedman, alone or in concert with others,
10 intentionally erased the contents of the computer, and recounted the inconsistent stories Friedman
11 provided as to why he "needed" to keep ArcSoft's laptop for twenty-four hours. I then asked:

12 [D]uring the time the stolen computer was in your possession, who accessed it in
13 addition to you?

14 Also, you noticeably failed to respond to the inquiries in my earlier email, so I ask
15 again:
16 What methodology did you use to wipe the computer, and prior to wiping the
17 data, did you make any copies of the data or forward any data to private Web-
18 based accounts or third parties?

19 I also reiterated – for a third time – my request that Friedman immediately return all ArcSoft data
20 and documents in his possession.

21 27. Only eleven minutes later, at 3:49 p.m., I received an email from Friedman, a true
22 and correct copy of which is attached hereto as Exhibit J. In this email, Friedman again failed to
23 answer my questions, and instead simply responded by saying that my description of events was
24 somehow "inaccurate."

25 28. On or about 3:56 p.m., I was carbon copied on an email to Friedman in which
26 ArcSoft informed Friedman that it was revoking its offer of severance benefits. Approximately
27 forty-nine minutes later, I received Friedman's response to this email. Attached hereto as
28 Exhibit K is a true and correct copy of the email I received from Friedman. In this email,
Friedman asked, "do you want to try to get your pc problem fixed?." Since Friedman wrote this
in response to the email in which he was notified of ArcSoft's withdrawal of its severance offer, I

1 construed this to be an indication that Friedman does not take responsibility for his actions, since
2 he referred to the laptop he erased as “your [ArcSoft’s] pc problem,” and since Friedman was
3 clearly linking the disclosure of factual information concerning what he did to the computer after
4 he stole it with getting paid an increased severance amount. It also demonstrates that Friedman
5 possesses factual information about what he did to the stolen laptop and what has become of the
6 data, but that he refuses to provide ArcSoft with that information unless ArcSoft pays him money.

7 29. If ArcSoft does not quickly determine what data was deleted, what data was
8 copied, where it is cached and who had access to it, ArcSoft faces imminent and irreparable harm
9 that cannot be compensated solely through monetary damages at the conclusion of this case. In
10 order to ensure that there is no further damage to customer relationships and that company
11 information is not used or disclosed in improper fashion, and to ensure that ArcSoft's position as
12 an industry leader in technology is not compromised through the improper use of its data,
13 immediate relief is necessary. Friedman has already demonstrated he will not respond to
14 directives of the police and will not hesitate to, and in fact has, destroyed data and evidence.
15 Immediate relief is required to compel Friedman to disclose all relevant information concerning
16 his actions during the 29 hour period at issue, and required to ensure all remaining evidence is
17 preserved and not improperly used. Friedman should be immediately restrained to ensure that
18 additional irreparable injury is minimized.

I declare under penalty of perjury under the laws of the State of California that the foregoing is true and correct. Executed on this 5 day of July, 2007, in Fremont, California.

Victor Chen

EXHIBIT A

Victor Chen

From: Victor Chen
Sent: Wednesday, June 27, 2007 12:47 PM
To: 'paul-friedman@sbcglobal.net'
Cc: Michael Deng; Tonie Berryman
Subject: return the laptop

Paul:

ArcSoft continues to be very concerned about the manner in which you unlawfully took and retained your company laptop yesterday upon being given notice of your termination. After making threats like "if you want to proceed down this path (termination of your employment) it is going to be very expensive for ArcSoft and I guarantee it," and demanding two years of severance or threatening that "you were going to make it very unpleasant for Michael, ArcSoft, the Shareholders and the Board of Directors," you literally grabbed your laptop, ran to your car, locked the laptop in your car, refused to bring it back into the building, and stated words to the effect of "that is all I have to use for leverage." When you were asked to return it again, you stated that you were holding onto the laptop until you "got what is due to" you. You refused repeated requests to return it. Even after you were informed that if you did not return the laptop immediately, we would have no choice but to contact the police, you refused to return it, instead driving away with the laptop.

After you drove away, the police called you on your cell phone and requested that you immediately return the laptop since it was the property of ArcSoft. The police officer informed you that if you did not immediately return the laptop that you could be arrested for Grand Larceny, which is a felony. After the police officer unsuccessfully tried to convince you to return the laptop, you asked to speak with Tonie Berryman, ArcSoft's Manager of Human Resources. You asked Tonie if you could keep the laptop overnight and bring it back in the morning, allegedly for the purpose of providing you with time to remove your "personal files." This alleged explanation for why you retained the laptop is not credible in light of your prior statements that you were holding onto the laptop for "leverage" and because, as noted below, you were repeatedly told that if you immediately returned the laptop, ArcSoft would simultaneously work with you to ensure your personal files were taken off of the laptop and returned to you. (Of course, company policy provides that all information stored on the company's computers belongs to ArcSoft.)

Tonie informed you that if you returned the laptop, we would arrange to have your personal files downloaded for you while you observed the process. If, as you claimed at that moment, the reason you stole your laptop was out of concern for your "personal files," this offer should have resulted in you immediately returning your laptop. Instead, you refused ArcSoft's offer, again requesting that you be allowed to keep the laptop. Tonie informed you that this was not negotiable. Tonie then handed the phone back to the police officer, who again tried to convince you to return the laptop. The police officer told you that ArcSoft was being very reasonable in offering to download any of your personal files for you, and again explained that the laptop and its contents was the property of ArcSoft. He even offered to remain at our offices with you while your personal files were copied for you. Despite Tonie and the police officer's efforts to accommodate your alleged desire to retain your personal files, and despite being warned by the police officer that you were committing a felony, you refused to return the laptop and ended the call. You have since been in possession of the laptop -- and the ArcSoft data contained on it.

Paul, you must return ArcSoft's laptop immediately. As ArcSoft's former Vice President, Sales and Marketing, Corporate Strategic Accounts, you had access to highly confidential, proprietary and trade secret information and agreed to respect and protect the confidentiality of the data. Company policies included in agreements you signed, prohibit you from retaining that data upon your separation from the Company. You have and continue to willfully violate the policies and your agreements with the company, and your actions have seriously jeopardized the company's intellectual property. You are not to access, delete, destroy, alter, copy, transmit or otherwise modify in any way any of the data stored on ArcSoft's laptop. If you have made any copies of any data on the computer, or otherwise modified, altered, deleted or destroyed any such data, it is very important you immediately notify ArcSoft of what you have done, and when. ArcSoft reserves all rights and remedies against you.

Paul, we again urge you to immediately return ArcSoft's laptop. I will attempt to call you momentarily to once

again try to convince you to return the laptop -- and all other ArcSoft documents and data in your possession, without further delay.

Victor Chen
Corporate Counsel
ArcSoft, Inc.
46601 Fremont Blvd.
Fremont, CA 94538
Tel: 1-510-979-5521
Fax: 1-510-979-5590
E-mail: ychen@arcsoft.com

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EXHIBIT B

Victor Chen

From: Paul Friedman [paul-friedman@sbcglobal.net]
Sent: Wednesday, June 27, 2007 2:25 PM
To: Victor Chen
Cc: Michael Deng; Tonie Berryman
Subject: [!! SPAM] Re: return the laptop

you have your facts wrong. i have been trying to arrange the return since yesterday.

- paul
--- Victor Chen <vchen@arcsoft.com> wrote:

> Paul:
>
> ArcSoft continues to be very concerned about the manner in which you
> unlawfully took and retained your company laptop yesterday upon being
> given notice of your termination. After making threats like "if you
> want to proceed down this path (termination of your
> employment) it is going
> to be very expensive for ArcSoft and I guarantee it," and demanding
> two years of severance or threatening that "you were going to make it
> very unpleasant for Michael, ArcSoft, the Shareholders and the Board
> of Directors," you literally grabbed your laptop, ran to your car,
> locked the laptop in your car, refused to bring it back into the
> building, and stated words to the effect of "that is all I have to use
> for leverage."
> When you were asked to return it again, you stated that you were
> holding onto the laptop until you "got what is due to" you.
> You refused repeated
> requests to return it. Even after you were informed that if you did
> not return the laptop immediately, we would have no choice but to
> contact the police, you refused to return it, instead driving away
> with the laptop.
>
> After you drove away, the police called you on your cell phone and
> requested that you immediately return the laptop since it was the
> property of ArcSoft. The police officer informed you that if you did
> not immediately return the laptop that you could be arrested for Grand
> Larceny, which is a felony. After the police officer unsuccessfully
> tried to convince you to return the laptop, you asked to speak with
> Tonie Berryman, ArcSoft's Manager of Human Resources. You asked Tonie
> if you could keep the laptop overnight and bring it back in the
> morning, allegedly for the purpose of providing you with time to
> remove your "personal files." This alleged explanation for why you
> retained the laptop is not credible in light of your prior statements
> that you were holding onto the laptop for "leverage" and because, as
> noted below, you were repeatedly told that if you immediately returned
> the laptop, ArcSoft would simultaneously work with you to ensure your
> personal files were taken off of the laptop and returned to you.
> (Of course, company
> policy provides that all information stored on the company's computers
> belongs to ArcSoft.)
>
> Tonie informed you that if you returned the laptop, we would arrange
> to have your personal files downloaded for you while you observed the
> process. If, as you claimed at that moment, the reason you stole your
> laptop was out of concern for your "personal files,"
> this offer should
> have resulted in you immediately returning your laptop. Instead, you
> refused ArcSoft's offer, again requesting that you be allowed to keep
> the laptop. Tonie informed you that this was not negotiable. Tonie
> then handed the phone back to the police officer, who again tried to
> convince you to return the laptop. The police officer told you that

> ArcSoft was being very reasonable in offering to download a copy of your
> personal files for you, and again explained that the laptop and its
> contents was the property of ArcSoft. He even offered to remain at our
> offices with you while your personal files were copied for you.

> Despite Tonie and the
> police officer's efforts to accommodate your alleged desire to retain
> your personal files, and despite being warned by the police officer
> that you were committing a felony, you refused to return the laptop
> and ended the call. You have since been in possession of the laptop
> -- and the ArcSoft data contained on it.

>
> Paul, you must return ArcSoft's laptop immediately.

> As ArcSoft's former
> Vice President, Sales and Marketing, Corporate Strategic Accounts, you
> had access to highly confidential, proprietary and trade secret
> information and agreed to respect and protect the confidentiality of
> the data. Company policies included in agreements you signed,
> prohibit you from retaining that data upon your separation from the
> Company. You have and continue to willfully violate the policies and
> your agreements with the company, and your actions have seriously
> jeopardized the company's intellectual property. You are not to
> access, delete, destroy, alter, copy, transmit or otherwise modify in
> any way any of the data stored on ArcSoft's laptop. If you have made
> any copies of any data on the computer, or otherwise modified,
> altered, deleted or destroyed any such data, it is very important you
> immediately notify ArcSoft of what you have done, and when. ArcSoft
> reserves all rights
> and remedies against you.

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> Paul, we again urge you to immediately return ArcSoft's laptop. I
> will attempt to call you momentarily to once again try to convince you
> to return the laptop -- and all other ArcSoft documents and data in
> your possession, without further delay.

>

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>

>

>

> Victor Chen
> Corporate Counsel
> ArcSoft, Inc.
> 46601 Fremont Blvd.
>
> Fremont, CA 94538
> Tel: 1-510-979-5521
>
> Fax: 1-510-979-5590
> E-mail: vchen@arcsoft.com

>

>

>

> The information contained in this message may be confidential and
> legally privileged. The message is intended solely for the
> addressee(s).
> If you are not the intended recipient, you are hereby notified that
> any use, forwarding, dissemination, or reproduction of this message is
> strictly prohibited and may be unlawful. If you are not the intended
> recipient, please contact the sender by return e-mail and destroy all
> copies of the original message.

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EXHIBIT C

From: Victor Chen
Sent: Wednesday, June 27, 2007 2:57 PM
To: 'Paul Friedman'
Cc: Michael Deng; Tonie Berryman
Subject: RE: Re: return the laptop

Paul:

The facts speak for themselves. Further, you have not "been trying to arrange the return since yesterday," nor should there be anything to return since you should not have left the premises with the laptop yesterday. Nor has there been any impediment to you voluntarily returning the laptop at any point since you drove away with it yesterday.

When the laptop is recovered from you, it will be ascertainable whether you accessed the computer since stealing it, and what you did to it. I again request that you simply disclose these facts now, rather than forcing us to spend more time and resources reconstructing your actions since you drove away with the computer yesterday.

I will call you now to arrange for a courier to come pick the laptop up from you. You are no longer welcome on ArcSoft's premises for any purpose.

-Victor

-----Original Message-----

From: Paul Friedman [mailto:paul-friedman@sbcglobal.net]
Sent: Wednesday, June 27, 2007 2:25 PM
To: Victor Chen
Cc: Michael Deng; Tonie Berryman
Subject: [!! SPAM] Re: return the laptop

you have your facts wrong. i have been trying to arrange the return since yesterday.

- paul
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> employment) it is going
> to be very expensive for ArcSoft and I guarantee it," and demanding
> two years of severance or threatening that "you were going to make it
> very unpleasant for Michael, ArcSoft, the Shareholders and the Board
> of Directors," you literally grabbed your laptop, ran to your car,
> locked the laptop in your car, refused to bring it back into the
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> for leverage."
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> holding onto the laptop until you "got what is due to" you.
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> requests to return it. Even after you were informed that if you did
> not return the laptop immediately, we would have no choice but to
> contact the police, you refused to return it, instead driving away
> with the laptop.
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> After you drove away, the police called you on your cell phone and
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> refused ArcSoft's offer, again requesting that you be allowed to keep
> the laptop. Tonie informed you that this was not negotiable. Tonie
> then handed the phone back to the police officer, who again tried to
> convince you to return the laptop. The police officer told you that
> ArcSoft was being very reasonable in offering to download any of your
> personal files for you, and again explained that the laptop and its
> contents was the property of ArcSoft. He even offered to remain at our
> offices with you while your personal files were copied for you.

> Despite Tonie and the
> police officer's efforts to accommodate your alleged desire to retain
> your personal files, and despite being warned by the police officer
> that you were committing a felony, you refused to return the laptop
> and ended the call. You have since been in possession of the laptop
> -- and the ArcSoft data contained on it.
>

> Paul, you must return ArcSoft's laptop immediately.

> As ArcSoft's former
> Vice President, Sales and Marketing, Corporate Strategic Accounts, you
> had access to highly confidential, proprietary and trade secret
> information and agreed to respect and protect the confidentiality of
> the data. Company policies included in agreements you signed,
> prohibit you from retaining that data upon your separation from the
> Company. You have and continue to willfully violate the policies and
> your agreements with the company, and your actions have seriously
> jeopardized the company's intellectual property. You are not to
> access, delete, destroy, alter, copy, transmit or otherwise modify in
> any way any of the data stored on ArcSoft's laptop. If you have made
> any copies of any data on the computer, or otherwise modified,
> altered, deleted or destroyed any such data, it is very important you
> immediately notify ArcSoft of what you have done, and when. ArcSoft
> reserves all rights
> and remedies against you.
>

> Paul, we again urge you to immediately return ArcSoft's laptop. I
> will attempt to call you momentarily to once again try to convince you
> to return the laptop -- and all other ArcSoft documents and data in
> your possession, without further delay.
>
>
>
>
>

> Victor Chen
> Corporate Counsel
> ArcSoft, Inc.
> 46601 Fremont Blvd.

>
> Fremont, CA 94538
> Tel: 1-510-979-5521

>
> Fax: 1-510-979-5590
> E-mail: vchen@arcsoft.com

>
>
>
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>
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>
>

EXHIBIT D

RECEIPT FOR RETURN OF LAPTOP

4:22

On July 27, 2007, at approximately 4:22 p.m., at the Fremont Marriott Hotel lobby,

Paul Friedman handed me a laptop computer, Make Sony, Model

PCG TR1A. Neither he nor I turned the computer on or conducted any other

inspection of the computer.



Victor Chen

 Paul Friedman

(Paul refused to sign this document)

EXHIBIT E

CERTIFICATION RE ACCESS AND USE OF LAPTOP

I, Paul Friedman, hereby certify that between the time I left ArcSoft's premises on June 26, 2007 with my company issued laptop, and the time that I returned the computer to ArcSoft on June 27, 2007, I did not boot up the laptop or allow anyone else to access it, and did not access, modify, alter, delete, destroy or copy and data contained on the computer.

Paul Friedman

[If you cannot certify the above, then complete the following]:

I, Paul Friedman, hereby certify that between the time I left ArcSoft's premises on June 26, 2007 with my company issued laptop, and the time that I returned the computer to ArcSoft on June 27, 2007:

1. I accessed the computer a total of _____ times, and accessed the following files:

2. I attached the following External Storage Device(s) to the computer:

Make(s): _____

Model (s): _____

The External Storage Devices are physically located at: _____

3. I transferred the following files to the External Storage Device(s):

4. I copied the following file(s) to somewhere other (identify to where: _____) than the External Storage Device(s):

5. I transmitted the following files to a personal email account with the address (fill in email address: _____):

6. I provided the following individuals with access to the computer:

7. I used the following software to overwrite, shred or erase data on the computer: Identify the software used:

8. The computer was damaged while in my possession in the last 24 hours as follows:
(Describe the facts surrounding how the computer was damaged):

I certify the following is true and correct:

Paul Friedman

EXHIBIT F

Victor Chen

From: Paul Friedman [paul-friedman@sbcglobal.net]
Sent: Wednesday, June 27, 2007 6:59 PM
To: Victor Chen
Cc: Michael Deng; Tonie Berryman
Subject: [!! SPAM] Re: Re: return the laptop

you have the machine. i suggest you tone down your accusations.

- paul

----- Original Message -----

From: Victor Chen <vchen@arcsoft.com>
To: Paul Friedman <paul-friedman@sbcglobal.net>
Cc: Michael Deng <mdeng@arcsoft.com>; Tonie Berryman <tberryman@arcsoft.com>
Sent: Wednesday, June 27, 2007 2:57:03 PM
Subject: RE: Re: return the laptop

Paul:

The facts speak for themselves. Further, you have not "been trying to arrange the return since yesterday," nor should there be anything to return since you should not have left the premises with the laptop yesterday. Nor has there been any impediment to you voluntarily returning the laptop at any point since you drove away with it yesterday.

When the laptop is recovered from you, it will be ascertainable whether you accessed the computer since stealing it, and what you did to it. I again request that you simply disclose these facts now, rather than forcing us to spend more time and resources reconstructing your actions since you drove away with the computer yesterday.

I will call you now to arrange for a courier to come pick the laptop up from you. You are no longer welcome on ArcSoft's premises for any purpose.

-Victor

-----Original Message-----

From: Paul Friedman [mailto:paul-friedman@sbcglobal.net]
Sent: Wednesday, June 27, 2007 2:25 PM
To: Victor Chen
Cc: Michael Deng; Tonie Berryman
Subject: [!! SPAM] Re: return the laptop

you have your facts wrong. i have been trying to arrange the return since yesterday.

- paul
--- Victor Chen <vchen@arcsoft.com> wrote:

> Paul:
>
> ArcSoft continues to be very concerned about the
> manner in which you
> unlawfully took and retained your company laptop
> yesterday upon being
> given notice of your termination. After making
> threats like "if you want
> to proceed down this path (termination of your
> employment) it is going
> to be very expensive for ArcSoft and I guarantee
> it," and demanding two
> years of severance or threatening that "you were
> going to make it very
> unpleasant for Michael, ArcSoft, the Shareholders
> and the Board of
> Directors," you literally grabbed your laptop, ran
> to your car, locked
> the laptop in your car, refused to bring it back
> into the building, and
> stated words to the effect of "that is all I have to
> use for leverage."
> When you were asked to return it again, you stated
> that you were holding
> onto the laptop until you "got what is due to" you.
> You refused repeated
> requests to return it. Even after you were informed
> that if you did not
> return the laptop immediately, we would have no
> choice but to contact
> the police, you refused to return it, instead
> driving away with the
> laptop.
>
> After you drove away, the police called you on your
> cell phone and
> requested that you immediately return the laptop
> since it was the
> property of ArcSoft. The police officer informed you
> that if you did not
> immediately return the laptop that you could be
> arrested for Grand
> Larceny, which is a felony. After the police officer
> unsuccessfully
> tried to convince you to return the laptop, you
> asked to speak with
> Tonie Berryman, ArcSoft's Manager of Human

> Resources. You asked Tonie if
> you could keep the laptop overnight and bring it
> back in the morning,
> allegedly for the purpose of providing you with time
> to remove your
> "personal files." This alleged explanation for why
> you retained the
> laptop is not credible in light of your prior
> statements that you were
> holding onto the laptop for "leverage" and because,
> as noted below, you
> were repeatedly told that if you immediately
> returned the laptop,
> ArcSoft would simultaneously work with you to ensure
> your personal files
> were taken off of the laptop and returned to you.
> (Of course, company
> policy provides that all information stored on the
> company's computers
> belongs to ArcSoft.)
>
> Tonie informed you that if you returned the laptop,
> we would arrange to
> have your personal files downloaded for you while
> you observed the
> process. If, as you claimed at that moment, the
> reason you stole your
> laptop was out of concern for your "personal files,"
> this offer should
> have resulted in you immediately returning your
> laptop. Instead, you
> refused ArcSoft's offer, again requesting that you
> be allowed to keep
> the laptop. Tonie informed you that this was not
> negotiable. Tonie then
> handed the phone back to the police officer, who
> again tried to convince
> you to return the laptop. The police officer told
> you that ArcSoft was
> being very reasonable in offering to download any of
> your personal files
> for you, and again explained that the laptop and its
> contents was the
> property of ArcSoft. He even offered to remain at
> our offices with you
> while your personal files were copied for you.
> Despite Tonie and the
> police officer's efforts to accommodate your alleged
> desire to retain
> your personal files, and despite being warned by the
> police officer that

> you were committing a felony, you refused to return
> the laptop and ended
> the call. You have since been in possession of the
> laptop -- and the
> ArcSoft data contained on it.

>
> Paul, you must return ArcSoft's laptop immediately.
> As ArcSoft's former
> Vice President, Sales and Marketing, Corporate
> Strategic Accounts, you
> had access to highly confidential, proprietary and
> trade secret
> information and agreed to respect and protect the
> confidentiality of the
> data. Company policies included in agreements you
> signed, prohibit you
> from retaining that data upon your separation from
> the Company. You
> have and continue to willfully violate the policies
> and your agreements
> with the company, and your actions have seriously
> jeopardized the
> company's intellectual property. You are not to
> access, delete,
> destroy, alter, copy, transmit or otherwise modify
> in any way any of the
> data stored on ArcSoft's laptop. If you have made
> any copies of any
> data on the computer, or otherwise modified,
> altered, deleted or
> destroyed any such data, it is very important you
> immediately notify
> ArcSoft of what you have done, and when. ArcSoft
> reserves all rights
> and remedies against you.

>
> Paul, we again urge you to immediately return
> ArcSoft's laptop. I will
> attempt to call you momentarily to once again try to
> convince you to
> return the laptop -- and all other ArcSoft documents
> and data in your
> possession, without further delay.

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> Victor Chen
> Corporate Counsel
> ArcSoft, Inc.

> 46601 Fremont Blvd.

>

> Fremont, CA 94538

> Tel: 1-510-979-5521

>

> Fax: 1-510-979-5590

> E-mail: vchen@arcsoft.com

>

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>

>

EXHIBIT G

Victor Chen

From: Victor Chen
Sent: Thursday, June 28, 2007 12:36 PM
To: 'Paul Friedman'
Cc: Michael Deng; Tonie Berryman
Subject: hard drive condition

Paul:

We have confirmed that during the time the ArcSoft laptop which you stole was in your possession (between you stealing it on June 26 and the recovery of the laptop on June 27), you accessed the laptop and professionally deleted and wiped all of the data -- including significant amounts of ArcSoft data -- such that it cannot be recovered. It is further established that you wiped the data after leaving ArcSoft with the stolen computer, and after the police directed you to return the computer and its contents. Therefore, ArcSoft has no way of knowing what use you made with the ArcSoft data before you wiped it off of the stolen computer which you wrongfully maintained possession of for about 24 hours. ArcSoft demands to know what methodology you used to wipe the computer, and whether prior to wiping the data, you made any copies of the data or forwarded any data to private Web-based accounts or third parties. Please provide this information within the next 24 hours. Please immediately return all original and copies of ArcSoft data and documents in your possession or control.

ArcSoft takes the protection of its confidential information seriously, and plans to pursue this matter to the fullest extent.

Victor Chen
Corporate Counsel
ArcSoft, Inc.
46601 Fremont Blvd.
Fremont, CA 94538
Tel: 1-510-979-5521
Fax: 1-510-979-5590
E-mail: ychen@arcsoft.com

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EXHIBIT H

Victor Chen

From: Paul Friedman [paul-friedman@sbcglobal.net]
Sent: Thursday, June 28, 2007 12:56 PM
To: Victor Chen
Cc: Michael Deng; Tonie Berryman
Subject: Re: hard drive condition

hold on, amigos. what do you mean by by accusing me of "professionally deleted and wiped all of the data -- including significant amounts of ArcSoft data -- such that it cannot be recovered". what data do you think is missing?

please retract the accusation immediately.

the drive worked fine when i returned it, except that it is very slow and unreliable; ask hess.

we opened it up at the mtg and i offered to let you examine and test anything you wanted, just to avoid the risk of this sort of accusation. you even had you director of it at the mtg.

if i can help you find the data you want on the drive, let me know. otherwisr, please stop sending these harassing and threatening messages.

regards,

- paul

+1 (510) 374-8341

----- Original Message -----

From: Victor Chen <vchen@arcsoft.com>
To: Paul Friedman <paul-friedman@sbcglobal.net>
Cc: Michael Deng <mdeng@arcsoft.com>; Tonie Berryman <tberryman@arcsoft.com>
Sent: Thursday, June 28, 2007 12:36:11 PM
Subject: hard drive condition

Paul:

We have confirmed that during the time the ArcSoft laptop which you stole was in your possession (between you stealing it on June 26 and the recovery of the laptop on June 27), you accessed the laptop and professionally deleted and wiped all of the data -- including significant amounts of ArcSoft data -- such that it cannot be recovered. It is further established that you wiped the data after leaving ArcSoft with the stolen computer, and after the police directed you to return the computer and its contents. Therefore, ArcSoft has no way of knowing what use you made with the ArcSoft data before you wiped it off of the stolen computer which you wrongfully maintained possession of for about 24 hours. ArcSoft demands to know what methodology you used to wipe the computer, and whether prior to wiping the data, you made any copies of the data or forwarded any data to private Web-based accounts or third parties. Please provide this information within the next 24 hours. Please immediately return all original and copies of ArcSoft data and documents in your possession or control.

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Victor Chen
Corporate Counsel

ArcSoft, Inc.
46601 Fremont Blvd.
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Tel: 1-510-979-5521
Fax: 1-510-979-5590
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EXHIBIT I

Victor Chen

From: Victor Chen
Sent: Thursday, June 28, 2007 3:38 PM
To: 'Paul Friedman'
Cc: Michael Deng; Tonie Berryman
Subject: RE: hard drive condition

Paul:

Yesterday when we recovered the stolen computer from you, you opened it in front of us and turned it on. The computer did NOT boot up; rather, it read "disk error." The computer was then turned off. So it was not working when we recovered it yesterday, and the stolen computer still reads "disk error." Every piece of data has been wiped off the computer by you and/or your agents. It appears to have no data, no partition, no master file table, and no information on the hard drive. The pattern of "....." exists for all space on the hard drive, which confirms you used a wiping program.

The facts, and your conduct, are clear, serious and verifiable. Your attempts to create a false record will be further rebutted at the appropriate time. Had you not stolen the computer, had you returned it when we made repeated requests, had you returned it when the police contacted you, and had you not wiped it clean and engaged in other unlawful conduct, you would not be in this situation.

By your own admission, the computer contained ArcSoft data when you stole it. In fact, although you gave conflicting reasons for why you stole it -- first you told us that you wanted it for leverage as part of your demand for 2 years of severance, then you told the police you wanted it to take your "personal files" off it -- by your own admission it contained significant quantities of data and you wanted to access the data, review the data, and remove the "personal data" off of it outside the supervision of ArcSoft or the police -- both of whom offered to remain present at ArcSoft on June 26 and allow you to observe ArcSoft make a file of any actual personal files that you identified were on your computer. You refused all our requests, and the request of the police, to return the computer and the data on it.

24 hours later, there is no data whatsoever on the computer.

So, during the time the stolen computer was in your possession, who accessed it in addition to you?

Also, you noticeably failed to respond to the inquiries in my earlier email, so I ask again:

What methodology did you use to wipe the computer, and prior to wiping the data, did you make any copies of the data or forward any data to private Web-based accounts or third parties?

Please immediately return all original and copies of ArcSoft data and documents in your possession or control.

-Victor

From: Paul Friedman [mailto:paul-friedman@sbcglobal.net]
Sent: Thursday, June 28, 2007 12:56 PM
To: Victor Chen
Cc: Michael Deng; Tonie Berryman
Subject: Re: hard drive condition

hold on, amigos. what do you mean by by accusing me of "professionally deleted and wiped all of the data -- including significant amounts of ArcSoft data -- such that it cannot be recovered". what data do you think is missing?

please retract the accusation immediately.

the drive worked fine when i returned it, except that it is very slow and unreliable; ask hess.

we opened it up at the mtg and i offered to let you examine and test anything you wanted, just to avoid the risk of this sort of accusation. you even had your director of it at the mtg.

if i can help you find the data you want on the drive, let me know. otherwise, please stop sending these harassing and threatening messages.

regards,

- paul

+1 (510) 374-8341

----- Original Message -----

From: Victor Chen <vchen@arcsoft.com>
To: Paul Friedman <paul-friedman@sbcglobal.net>
Cc: Michael Deng <mdeng@arcsoft.com>; Tonie Berryman <tberryman@arcsoft.com>
Sent: Thursday, June 28, 2007 12:36:11 PM
Subject: hard drive condition

Paul:

We have confirmed that during the time the ArcSoft laptop which you stole was in your possession (between you stealing it on June 26 and the recovery of the laptop on June 27), you accessed the laptop and professionally deleted and wiped all of the data -- including significant amounts of ArcSoft data -- such that it cannot be recovered. It is further established that you wiped the data after leaving ArcSoft with the stolen computer, and after the police directed you to return the computer and its contents. Therefore, ArcSoft has no way of knowing what use you made with the ArcSoft data before you wiped it off of the stolen computer which you wrongfully maintained possession of for about 24 hours. ArcSoft demands to know what methodology you used to wipe the computer, and whether prior to wiping the data, you made any copies of the data or forwarded any data to private Web-based accounts or third parties. Please provide this information within the next 24 hours. Please immediately return all original and copies of ArcSoft data and documents in your possession or control.

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Victor Chen
Corporate Counsel
ArcSoft, Inc.
46601 Fremont Blvd.
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EXHIBIT J

Victor Chen

From: Paul Friedman [paul-friedman@sbcglobal.net]
Sent: Thursday, June 28, 2007 3:49 PM
To: Victor Chen; Michael Deng; Tonie Berryman
Subject: [!! SPAM] Re: hard drive condition

Tonie, Michael and Victor:

I have just received additional correspondence from the company with additional false allegations. Your characterization of the events and purported quotes are inaccurate.

Please stop sending these threats. They cannot do any good and could even do me a great deal of harm should they somehow be interpreted as fact.

I am surprised that the company would take this approach. A more calm and rational approach would be more fruitful for all of us. Once again, I offer that I am available to talk at any time; to help you with the computer, and/or to resolve the other open issues.

Regards,

- Paul

+1 (510) 374-8341

----- Original Message -----

From: Victor Chen <vchen@arcsoft.com>
To: Paul Friedman <paul-friedman@sbcglobal.net>
Cc: Michael Deng <mdeng@arcsoft.com>; Tonie Berryman <tberryman@arcsoft.com>
Sent: Thursday, June 28, 2007 3:37:37 PM
Subject: RE: hard drive condition

Paul:

Yesterday when we recovered the stolen computer from you, you opened it in front of us and turned it on. The computer did NOT boot up; rather, it read "disk error." The computer was then turned off. So it was not working when we recovered it yesterday, and the stolen computer still reads "disk error." Every piece of data has been wiped off the computer by you and/or your agents. It appears to have no data, no partition, no master file table, and no information on the hard drive. The pattern of "....." exists for all space on the hard drive, which confirms you used a wiping program.

The facts, and your conduct, are clear, serious and verifiable. Your attempts to create a false record will be further rebutted at the appropriate time. Had you not stolen the computer, had you returned it when we made repeated requests, had you returned it when the police contacted you, and had you not wiped it clean and engaged in other unlawful conduct, you would not be in this situation.

By your own admission, the computer contained ArcSoft data when you stole it. In fact, although you gave conflicting reasons for why you stole it -- first you told us that you wanted it for leverage as part of your demand for 2 years of severance, then you told the police you wanted it to take your "personal files" off it -- by your own admission it contained significant quantities of data and you wanted to access the data, review the data, and remove the "personal data" off of it outside the supervision of ArcSoft or the police -- both of whom offered to remain present at ArcSoft on June 26 and allow you to observe ArcSoft make a file of any actual personal files that you identified were on your computer. You refused all our requests, and the request of the police, to return

the computer and the data on it.

24 hours later, there is no data whatsoever on the computer.

So, during the time the stolen computer was in your possession, who accessed it in addition to you?

Also, you noticeably failed to respond to the inquiries in my earlier email, so I ask again:

What methodology did you use to wipe the computer, and prior to wiping the data, did you make any copies of the data or forward any data to private Web-based accounts or third parties?

Please immediately return all original and copies of ArcSoft data and documents in your possession or control.

-Victor

From: Paul Friedman [mailto:paul-friedman@sbcglobal.net]

Sent: Thursday, June 28, 2007 12:56 PM

To: Victor Chen

Cc: Michael Deng; Tonie Berryman

Subject: Re: hard drive condition

hold on, amigos. what do you mean by by accusing me of "professionally deleted and wiped all of the data -- including significant amounts of ArcSoft data -- such that it cannot be recovered". what data do you think is missing?

please retract the accusation immediately.

the drive worked fine when i returned it, except that it is very slow and unreliable; ask hess.

we opened it up at the mtg and i offered to let you examine and test anything you wanted, just to avoid the risk of this sort of accusation. you even had your director of it at the mtg.

if i can help you find the data you want on the drive, let me know. otherwise, please stop sending these harassing and threatening messages.

regards,

- paul

+1 (510) 374-8341

----- Original Message -----

From: Victor Chen <vchen@arcsoft.com>

To: Paul Friedman <paul-friedman@sbcglobal.net>

Cc: Michael Deng <mdeng@arcsoft.com>; Tonie Berryman <tberryman@arcsoft.com>

Sent: Thursday, June 28, 2007 12:36:11 PM

Subject: hard drive condition

Paul:

We have confirmed that during the time the ArcSoft laptop which you stole was in your possession (between you stealing it on June 26 and the recovery of the laptop on June 27), you accessed the laptop and professionally deleted and wiped all of the data -- including significant amounts of ArcSoft data -- such that it cannot be recovered. It is further established that you wiped the data after leaving ArcSoft with the stolen computer, and recovered.

after the police directed you to return the computer and its contents. Therefore, ArcSoft has no way of knowing what use you made with the ArcSoft data before you wiped it off of the stolen computer which you wrongfully maintained possession of for about 24 hours. ArcSoft demands to know what methodology you used to wipe the computer, and whether prior to wiping the data, you made any copies of the data or forwarded any data to private Web-based accounts or third parties. Please provide this information within the next 24 hours. Please immediately return all original and copies of ArcSoft data and documents in your possession or control.

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Victor Chen
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46601 Fremont Blvd.
Fremont, CA 94538
Tel: 1-510-979-5521
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EXHIBIT K

Victor Chen

From: Paul Friedman [mailto:paul-friedman@sbcglobal.net]
Sent: Thursday, June 28, 2007 4:45 PM
To: Tonie Berryman
Cc: Victor Chen; Michael Deng
Subject: [!! SPAM] Re: Revocation of Severance Agreement & Release

do you want to try to get your pc problem fixed?

----- Original Message -----

From: Tonie Berryman <tberryman@arcsoft.com>
To: Paul Friedman <paul-friedman@sbcglobal.net>
Cc: Victor Chen <vchen@arcsoft.com>; Michael Deng <mdeng@arcsoft.com>
Sent: Thursday, June 28, 2007 4:40:09 PM
Subject: RE: Revocation of Severance Agreement & Release

Dear Paul:

On June 26, 2007, on behalf of ArcSoft, I mailed you certain documents in connection with your termination, including a severance offer reflected in the Severance Agreement & Release. ArcSoft hereby revokes its offer of severance, including its related offer of all terms contained in the Severance Agreement & Release. The revocation of the offer is effective immediately.

Tonie Berryman
Manager, Human Resources
ArcSoft Inc.
Tel. #510.440.9901 ext. 247
Fax #510.979.5594
www.arcsoft.com

From: Paul Friedman [mailto:paul-friedman@sbcglobal.net]
Sent: Thursday, June 28, 2007 3:56 PM
To: Paul Friedman ; Victor Chen; Michael Deng; Tonie Berryman
Subject: Re: hard drive condition

could you three guys, together with anthony, please call me. now. i want to get the computer issue resolved. what you say in your last note makes no sense.

- paul

----- Original Message -----

From: Paul Friedman <paul-friedman@sbcglobal.net>
To: Victor Chen <vchen@arcsoft.com>; Michael Deng <mdeng@arcsoft.com>; Tonie Berryman <tberryman@arcsoft.com>
Sent: Thursday, June 28, 2007 3:49:02 PM
Subject: Re: hard drive condition

Tonie, Michael and Victor:

I have just received additional correspondence from the company with additional false allegations. Your characterization of the events and purported quotes are inaccurate.

Please stop sending these threats. They cannot do any good and could even do me a great deal of harm should they somehow be interpreted as fact.

I am surprised that the company would take this approach. A more calm and rational approach would be more fruitful for all of us. Once again, I offer that I am available to talk at any time; to help you with the computer, and/or to resolve the other open issues.

Regards,

- Paul

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----- Original Message -----

From: Victor Chen <vchen@arcsoft.com>
To: Paul Friedman <paul-friedman@sbcglobal.net>
Cc: Michael Deng <mdeng@arcsoft.com>; Tonie Berryman <tberryman@arcsoft.com>
Sent: Thursday, June 28, 2007 3:37:37 PM
Subject: RE: hard drive condition

Paul:

Yesterday when we recovered the stolen computer from you, you opened it in front of us and turned it on. The computer did NOT boot up; rather, it read "disk error." The computer was then turned off. So it was not working when we recovered it yesterday, and the stolen computer still reads "disk error." Every piece of data has been wiped off the computer by you and/or your agents. It appears to have no data, no partition, no master file table, and no information on the hard drive. The pattern of "....." exists for all space on the hard drive, which confirms you used a wiping program.

The facts, and your conduct, are clear, serious and verifiable. Your attempts to create a false record will be further rebutted at the appropriate time. Had you not stolen the computer, had you returned it when we made repeated requests, had you returned it when the police contacted you, and had you not wiped it clean and engaged in other unlawful conduct, you would not be in this situation.

By your own admission, the computer contained ArcSoft data when you stole it. In fact, although you gave conflicting reasons for why you stole it – first you told us that you wanted it for leverage as part of your demand for 2 years of severance, then you told the police you wanted it to take your "personal files" off it – by your own admission it contained significant quantities of data and you wanted to access the data, review the data, and remove the "personal data" off of it outside the supervision of ArcSoft or the police -- both of whom offered to remain present at ArcSoft on June 26 and allow you to observe ArcSoft make a file of any actual personal files that you identified were on your computer. You refused all our requests, and the request of the police, to return the computer and the data on it.

24 hours later, there is no data whatsoever on the computer.

So, during the time the stolen computer was in your possession, who accessed it in addition to you?

Also, you noticeably failed to respond to the inquiries in my earlier email, so I ask again:

What methodology did you use to wipe the computer, and prior to wiping the data, did you make any copies of the data or forward any data to private Web-based accounts or third parties?

Please immediately return all original and copies of ArcSoft data and documents in your possession or control.

-Victor

From: Paul Friedman [mailto:paul-friedman@sbcglobal.net]
Sent: Thursday, June 28, 2007 12:56 PM
To: Victor Chen
Cc: Michael Deng; Tonie Berryman
Subject: Re: hard drive condition

hold on, amigos. what do you mean by by accusing me of "professionally deleted and wiped all of the data -- including significant amounts of ArcSoft data -- such that it cannot be recovered". what data do you think is missing?

please retract the accusation immediately.

the drive worked fine when i returned it, except that it is very slow and unreliable; ask hess.

we opened it up at the mtg and i offered to let you examine and test anything you wanted, just to avoid the risk of this sort of accusation. you even had your director of it at the mtg.

if i can help you find the data you want on the drive, let me know. otherwise, please stop sending these harassing and threatening messages.

regards,

- paul

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From: Victor Chen <vchen@arcsoft.com>
To: Paul Friedman <paul-friedman@sbcglobal.net>
Cc: Michael Deng <mdeng@arcsoft.com>; Tonie Berryman <tberryman@arcsoft.com>
Sent: Thursday, June 28, 2007 12:36:11 PM
Subject: hard drive condition

Paul:

We have confirmed that during the time the ArcSoft laptop which you stole was in your possession (between you stealing it on June 26 and the recovery of the laptop on June 27), you accessed the laptop and professionally deleted and wiped all of the data -- including significant amounts of ArcSoft data -- such that it cannot be recovered. It is further established that you wiped the data after leaving ArcSoft with the stolen computer, and after the police directed you to return the computer and its contents. Therefore, ArcSoft has no way of knowing what use you made with the ArcSoft data before you wiped it off of the stolen computer which you wrongfully maintained possession of for about 24 hours. ArcSoft demands to know what methodology you used to wipe the computer, and whether prior to wiping the data, you made any copies of the data or forwarded any data to private Web-based accounts or third parties. Please provide this information within the next 24 hours. Please immediately return all original and copies of ArcSoft data and documents in your possession or control.

ArcSoft takes the protection of its confidential information seriously, and plans to pursue this matter to the fullest extent.

Victor Chen
Corporate Counsel

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